

AMENDED IN SENATE MARCH 28, 2006

SENATE BILL

No. 1371

Introduced by Senator Maldonado

February 21, 2006

An act to ~~amend Section 14005.35 of~~ *add Section 14017.9 to the* Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1371, as amended, Maldonado. Medi-Cal: ~~eligibility.~~ *smart cards.*

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits.

Existing law requires the department to provide certain Medi-Cal beneficiaries with a Medi-Cal card certifying specified information. Existing law allows the department to issue, in addition to Medi-Cal cards, benefits identification cards for the purpose of identifying individuals eligible for the Medi-Cal program.

This bill would require the department to develop and implement a pilot program for the use of smart cards by Medi-Cal beneficiaries. The bill would require that the cards contain codes that link each beneficiary to information relating to that beneficiary's identity, medical information, Medi-Cal eligibility, and any other information deemed necessary by the department. The bill would impose specified requirements on the department with respect to the development of an implementation plan and the choice of a vendor, and would require that the department deploy the smart cards by June 1, 2007, in 3 to 5 consenting counties. The bill would require the department to report to the Legislature by January 1, 2009, on the pilot program.

~~Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits.~~

~~Existing law requires that, except as specified, whenever a county receives information about changes in a beneficiary's circumstances that may affect eligibility for Medi-Cal benefits, the county promptly redetermine eligibility. Existing law requires the department, in consultation with certain entities, to study the feasibility of adopting a mechanism whereby, to the extent federal financial participation is available, a Medi-Cal managed care plan shall be notified whenever the eligibility of a Medi-Cal beneficiary enrolled in that plan is being redetermined.~~

~~This bill would make a technical, nonsubstantive change to these provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. The Legislature finds and declares all of the*
- 2 *following:*
- 3 *(a) The annual cost of fraud and abuse in the Medi-Cal*
- 4 *program is in the billions of dollars.*
- 5 *(b) Smart cards containing codes that link each beneficiary to*
- 6 *information relating to that beneficiary's identity, medical*
- 7 *information, and Medi-Cal eligibility can validate the identity of*
- 8 *a Medi-Cal beneficiary, establish which services are available,*
- 9 *and record whether a beneficiary was actually present for a*
- 10 *service.*
- 11 *(c) Smart cards can increase patient safety by keeping all*
- 12 *important patient information in one place, making the*
- 13 *information immediately available to providers and hospitals.*
- 14 *(d) The deployment of smart cards will help make important*
- 15 *health care information more accurate, more secure, and more*
- 16 *readily available, and will help reduce duplication of services,*
- 17 *decrease patient wait times, and remove waste.*
- 18 *SEC. 2. Section 14017.9 is added to the Welfare and*
- 19 *Institutions Code, to read:*
- 20 *14017.9. (a) The department shall develop and implement a*
- 21 *pilot program for the use of smart cards by Medi-Cal*

1 beneficiaries. The cards shall contain codes that link each
2 beneficiary to information relating to that beneficiary's identity,
3 medical information, Medi-Cal eligibility, and any other
4 information deemed necessary by the department. In developing
5 and implementing the pilot program, the department shall do all
6 of the following:

7 (1) Develop an implementation plan for the use of smart cards
8 in the Medi-Cal program, including a plan to procure a vendor.

9 (A) In developing the implementation plan, the department
10 shall examine the use of smart cards in other states, including
11 their use at Elmhurst Hospital and Mount Sinai Hospital in New
12 York, and identify how each of those hospitals approached
13 implementation difficulties, including, but not limited to, issuing
14 cards on behalf of children.

15 (B) The department shall consult various counties and state
16 agencies as necessary in developing the implementation plan to
17 identify the needs of counties and assess needed features of the
18 smart cards. The department may consult health industry experts
19 in developing the implementation plan.

20 (2) Choose a vendor for the pilot program. The department
21 shall choose a vendor offering cards that, in addition to any
22 other functions specified in this subdivision, can store and track
23 information about county health programs, streamline the patient
24 check-in process, provide general interoperability, and provide
25 enhanced patient services, including, but not limited to,
26 electronic prescriptions and provider network integration.

27 (3) Deploy smart cards by June 1, 2007. The deployment shall
28 take place in no less than three and no more than five consenting
29 counties, at the discretion of the department. The department
30 shall use its best efforts to include at least one urban and one
31 rural county. The program shall be implemented for all services
32 in which a beneficiary or beneficiary's representative must be
33 present for the beneficiary to receive the service.

34 (4) Monitor the program in the counties in which the smart
35 cards are deployed, including tracking how well the cards
36 streamline patient services, and reduce administrative costs,
37 fraud, and waste.

38 (b) The department shall report to the Legislature by January
39 1, 2009, on the pilot program. The report shall include data
40 regarding cost savings, reduction of waste and fraud, ease of use,

1 *general interoperability, and any other matters relating to the*
2 *implementation process that would assist the Legislature in*
3 *making decisions regarding expansion of the program.*

4 ~~SECTION 1. Section 14005.35 of the Welfare and~~
5 ~~Institutions Code is amended to read:~~

6 ~~14005.35. The department, in consultation with the counties~~
7 ~~and representatives of consumers, managed care plans, and~~
8 ~~Medi-Cal providers, shall study the feasibility of adopting a~~
9 ~~mechanism whereby, to the extent federal financial participation~~
10 ~~is available, a Medi-Cal managed care plan shall be notified~~
11 ~~whenever the eligibility of a Medi-Cal beneficiary who is~~
12 ~~enrolled in that plan is being redetermined, including notice of~~
13 ~~the date upon which any forms must be submitted to the county~~
14 ~~by the beneficiary.~~